

1 JOHN FRANKOVICH, NV Bar #667
LEIGH GODDARD, NV Bar #6315
2 McDonald Carano LLP
100 West Liberty Street, 10th Floor
3 P.O. Box 2670
Reno, NV 89505-2670
4 Telephone: (775) 788-2000
Facsimile: (775) 788-2020
5 Email: jfrankovich@mcdonaldcarano.com
lgoddard@mcdonaldcarano.com

6 KEVIN JOHNSON (*pro hac vice*)
7 RAY ZADO (*pro hac vice*)
SAM STAKE (*pro hac vice*)
8 Quinn Emanuel Urquhart & Sullivan, LLP
555 Twin Dolphin Drive, 5th Floor
9 Redwood Shores, CA 94065
Telephone: (650) 801-5000
10 Facsimile: (650) 801-5100
Email: kevinjohnson@quinnemanuel.com
11 rayzado@quinnemanuel.com
samstake@quinnemanuel.com

12 *Attorneys for Defendant salesforce.com, inc.*

13
14 **UNITED STATES DISTRICT COURT**
15 **DISTRICT OF NEVADA**

16 APPLICATIONS IN INTERNET TIME, LLC,

17 Plaintiff,

18 v.

19 SALESFORCE.COM, INC.,

20 Defendant.
21
22
23
24
25
26
27
28

No. 3:13-CV-00628-RCJ-CBC

**DEFENDANT SALESFORCE.COM,
INC'S OPPOSITION TO AIT'S
MOTION TO LIFT STAY**

1 **I. INTRODUCTION**

2 Plaintiff Applications in Internet Time, LLC's ("AIT") request to lift the stay while a
 3 request for rehearing is still pending before the Patent Trial and Appeal Board ("PTAB")
 4 should be denied. There is no basis for lifting the stay now when waiting for less than
 5 three months (the average time in which the PTAB acts on rehearing requests) could
 6 entirely moot AIT's claims against salesforce.com, inc. ("Salesforce"). Before the
 7 termination of the *inter partes* review ("IPR") proceedings, the presiding PTAB panel
 8 concluded AIT's patents are invalid and that Salesforce is not a real party-in-interest
 9 ("RPI") such that there were no time bar concerns. On September 9, 2020, a substitute
 10 panel—impaneled only one week earlier—terminated the IPRs without hearing any oral
 11 argument or receiving supplemental briefing. Given this unusual posture, RPX filed a
 12 request for rehearing on October 9, 2020. A decision on rehearing is expected soon and,
 13 if granted, will likely moot AIT's claims.

14 The relevant factors support maintaining the stay. First, maintaining the stay will
 15 simplify the issues because, if the rehearing request is granted, the PTAB is likely to
 16 reinstate its decisions invalidating both of AIT's patents. The PTAB deserves a full
 17 opportunity to reach this result. Second, maintaining the stay will not prejudice AIT,
 18 which itself delayed in bringing this suit for six years, can be made whole by past
 19 damages, and failed to identify any risk of evidence deteriorating if the stay is maintained.
 20 Finally, discovery remains at an early stage and no trial date has been set. No
 21 depositions have taken place, written discovery is in very early stages, and the Court has
 22 not set a *Markman* hearing date. Lifting the stay now, rather than waiting less than three
 23 months for the PTAB's decision, would not materially impact the case or the timing of its
 24 likely resolution. Salesforce thus respectfully requests that the Court maintain the stay.

25 **II. FACTUAL AND PROCEDURAL BACKGROUND**

26 **A. The Court Previously Found a Stay Was Warranted**

27 On February 25, 2016, the PTAB instituted *inter partes* review of AIT's '111 and
 28 '482 patents in response to a petition by non-party RPX, and Salesforce moved to stay

1 proceedings before this Court. ECF No. 77. In granting the motion, the Court made
 2 detailed findings that all four factors supported a stay. The Court found persuasive that
 3 “Plaintiff waited nearly six years to file suit after the earliest patent in suit issued,” that “no
 4 evidence here shows that the parties are competitors,” and that “Plaintiff seeks only
 5 monetary damages, not injunctive relief,” such that Plaintiff could be made whole with
 6 past damages. ECF No. 82. The Court also found that the IPR proceedings “will more
 7 than likely simplify the issues in this case” and that “this case would be rendered moot” if
 8 the PTAB were to cancel all of the asserted claims. *Id.* at 5. The Court further noted that
 9 “the amount of discovery completed is limited, the Court has not yet scheduled a
 10 *Markman* hearing, [] discovery will not be completed until months after a *Markman*
 11 order,” and no trial date has been set. *Id.* at 6.

12 **B. The PTAB Found AIT’s Patents Invalid, and AIT Prevailed Only on RPI**
 13 **Findings**

14 On December 28, 2016, the PTAB issued Final Written Decisions that all
 15 challenged claims of the ’482 and ’111 patents, including all claims asserted against
 16 Salesforce in this case, are invalid. *RPX Corp. v. Applications in Internet Time, LLC*,
 17 Nos. IPR2015–01751, IPR2015–01752, 2016 WL 7985456, at *19 (P.T.A.B. Dec. 28,
 18 2016); *RPX Corp. v. Applications in Internet Time, LLC*, No. IPR2015–01750, 2016 WL
 19 7991300, at *15 (P.T.A.B. Dec. 28, 2016). The PTAB further concluded that RPX is the
 20 only RPI. On July 9, 2018, the Federal Circuit vacated the PTAB’s RPI findings on the
 21 ground they were based on an improper legal standard and remanded for further
 22 proceedings. *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1358
 23 (Fed. Cir. 2018), *cert. denied*, 139 S. Ct. 1366 (2019).

24 **C. The PTAB Replaced the Presiding Panel and the New Panel Ruled**
 25 **Within One Week Without Any Briefing or Argument**

26 After the remand, the PTAB allowed AIT to conduct additional fact discovery and
 27 held an evidentiary hearing on the sole remaining issue. *RPX Corp. v. Applications in*
 28 *Internet Time, LLC*, Nos. IPR2015–01750 Paper 113, IPR2015–01751 Paper 113,
 IPR2015–01752 Paper 111 (P.T.A.B. June 4, 2019). On August 3, 2020, AIT petitioned

1 the Federal Circuit for a writ of mandamus seeking an expanded panel and compelling a
 2 final decision from the PTAB within 30 days. On September 4, 2020, the USPTO
 3 substituted a new panel for the presiding panel. *RPX Corp. v. Applications in Internet*
 4 *Time, LLC*, Nos. IPR2015–01750 Paper 124, IPR2015–01751 Paper 124, IPR2015–
 5 01752 Paper 112 (P.T.A.B. September 4, 2020). Just one week later, the new panel
 6 issued a sealed decision finding Salesforce was an RPI and terminating the IPRs on that
 7 ground. The new panel did not hear any oral argument on this issue or receive
 8 supplemental briefing. Ex. C, Request for Rehearing at 56, ECF No. 127. On October 9,
 9 2020, RPX requested a rehearing of the PTAB’s RPI determination, arguing the PTAB
 10 repaneling violated due process, the replacement panel overlooked and misapprehended
 11 the evidence, and erred in finding RPX was representing Salesforce’s interests. *Id.* at 54.
 12 On November 2, 2020, three days after the parties completed briefing on this rehearing
 13 request, AIT filed its motion to lift the stay.

14 **III. LIFTING THE STAY IS NOT WARRANTED**

15 The four-factor analysis governing stay under Local Patent Rule 1-20¹ supports
 16 maintaining the stay because the rehearing would likely moot this case, given that the
 17 patents were found invalid, and there is no risk of prejudice to AIT. ECF No. 99 (“[The
 18 Court:] I see no reason not to grant the stay. *It clearly would moot this case.* And since
 19 the proceedings are up in the air, it makes sense to let that court, PTAB, make a final
 20 ruling.”) (emphasis added)). AIT’s renewed request to lift the stay thus remains
 21 premature and should be denied.

22
 23
 24 ¹ Pursuant to L.P.R. 1-20, “[t]he court may order a stay of litigation pending the outcome of a
 25 reexamination proceeding before the United States Patent and Trademark Office that concerns a
 26 patent at issue in the federal court litigation. Whether the court stays litigation upon the request of
 27 a party will depend on the circumstances of each particular case, including without limitation: (1)
 28 whether a stay will unduly prejudice or present a clear tactical disadvantage to the nonmoving
 party, (2) whether a stay will simplify the issues in question and the trial of the case, (3) whether
 discovery is complete, and (4) whether a trial date has been set.”

A. A Stay Will Simplify the Issues Because Rehearing Could Result in Reentry of the Decision Finding AIT's Asserted Claims Invalid

Maintaining the stay until final resolution of RPX's rehearing request will simplify the issues because any rehearing will likely moot AIT's case in its entirety. Before the remand proceedings, the presiding PTAB panel found all asserted claims of the patents in suit invalid. See *supra* Section II.B. *VirtualAgility Inc.*, 759 F.3d at 1314; *New Vision Gaming & Dev., Inc. v. Bally Gaming, Inc.*, No. 2:17-cv-01559-APG-PAL, 2018 WL 6171778, at *2 (D. Nev. Nov. 26, 2018) (holding this factor weighs in favor of a stay where the PTAB issued a preliminary finding all asserted claims were invalid and noting that if it became final, "the invalidity question is resolved in its entirety, relieving [the Court] and the parties from having to address Bally's other invalidity contentions"). RPX's rehearing request now addresses only a single central issue—whether RPX is the only RPI. If the PTAB grants rehearing and finds in favor of RPX on this issue, the PTAB's invalidity findings will invalidate the asserted patent claims and extinguish AIT's entire case. Considerations of judicial economy thus continue to support maintaining the stay, especially when it is a matter of waiting only a short time longer.

AIT's primary response is to mistakenly claim that the chances of a PTAB rehearing are "remote." ECF No. 130. AIT cites general PTAB statistics but ignores the fact that RPX's rehearing request is no ordinary rehash of the PTAB's patentability analysis, where the likelihood of success is low. The presiding PTAB panel concluded RPX was the only RPI and found unpatentable all asserted claims over RPX's prior art grounds. After the Federal Circuit reversed, the panel received supplemental briefing and held an additional evidentiary hearing. *RPX Corp. v. Applications in Internet Time, LLC*, Nos. IPR2015–01750 Paper 113, IPR2015–01751 Paper 113, IPR2015–01752 Paper 111 (P.T.A.B. June 4, 2019). After taking this evidence, the PTAB appointed a new panel. Just one week after panel substitution, a new panel terminated the IPR proceedings without any further hearing or briefing. In this unique context, the PTAB is

1 likely to give careful consideration to the rehearing request, and the prospects for
2 reversal are far from remote.

3 AIT's second response, that the PTAB terminated the IPRs on two "independent"
4 bases, is equally mistaken. ECF No. 130. By the decision's plain terms, both bases for
5 termination hinged on the same purported real party-in-interest "relationship" between
6 Salesforce and RPX. See Ex. at 35 ("[I]t is the **relationship** between Salesforce as a
7 member of RPX and the business model of RPX that primarily lead us to the [RPI] result
8 here. "); *Id.* at 39 ("Under the *General Plastic* analysis, we consider whether there is a
9 **significant relationship** between the petitioners, as this factor weighs in favor of
10 exercising discretion to deny institution of inter partes review."). AIT therefore cannot
11 reasonably dispute that a reversal of the RPI findings would result in overturning the
12 termination decision.

13 AIT's remaining arguments are also unpersuasive. First, AIT's argument that the
14 PTAB's determination is "final" and non-appealable is inapposite. ECF No. 130. AIT
15 argues about whether issues can be appealed to the Federal Circuit; not whether the
16 PTAB can review its own decisions, which is undisputed. Neither Section 314(d) nor
17 *Thryv* impact the PTAB's discretion to manage **its own** proceedings, including by
18 granting rehearing of termination decisions. See 37 C.F.R. § 42.71 ("A party dissatisfied
19 with a decision **may file a single request for rehearing** without prior authorization from
20 the Board."). Second, AIT's request to "adjust the pretrial schedule" if RPX is successful
21 overlooks the fact that the Court and the parties would invest resources in the interim
22 addressing patents that the PTAB has found invalid and unenforceable. These
23 needless expenditures could include a claim construction hearing and order, discovery
24 motions, dispositive motions, and pre-trial motions. Finally, the denial of Salesforce's
25 earlier request for stay pending rehearing of its Covered Business Method ("CBM")
26 petitions has no bearing on the current stay. ECF No. 130. In the case of that earlier
27 request, the PTAB denied the CBM petitions on the threshold question of whether the
28 jurisdictional requirements for a CBM petition had been met, and did not reach the

1 substantive question of whether the art cited therein anticipated or rendered obvious the
 2 claims of the AIT patents. Here, in contrast, the PTAB in the pending IPR petitions made
 3 final invalidity findings (that the claims of the AIT patents were obvious in view of the prior
 4 art) which would moot this action entirely, with the only remaining question being whether
 5 Salesforce was an RPI.

6 **B. AIT Failed To Identify Any Prejudice from a Narrow Continuation of**
 7 **the Stay**

8 AIT fails to identify any specific risks of harm or tactical disadvantage that would
 9 call into question the Court's stay analysis. ECF No. 130. AIT does not make any
 10 products that compete with Salesforce or any products at all. AIT also has not sought the
 11 type of relief a plaintiff seeks when a case is time sensitive and requires immediate
 12 action—like an injunction. And, AIT failed to identify any evidence or discovery that will
 13 not be available due to the stay. Given these facts, there is no real harm to AIT. Instead
 14 of identifying a valid harm or disadvantage, AIT points to past stays in this case which
 15 this Court already found warranted, have already occurred, and are not impacted here,
 16 where the issue is simply continuing the stay for a short amount of additional time. As
 17 the Court previously found, AIT delayed filing this suit until nearly six years after the
 18 earliest patent in suit issued, has not sought injunctive relief, and seeks only monetary
 19 damages that would not be diminished by a stay. See, e.g., *VirtualAgility Inc. v.*
 20 *Salesforce.com, Inc.*, 759 F.3d 1307, 1319 (Fed. Cir. 2014) (holding that a patentee
 21 waiting for “nearly a year” after its patent issued to file suit weighed against the
 22 patentee’s “claims that it will be unduly prejudiced by a stay”); *Tierravision, Inc. v.*
 23 *Google, Inc.*, No. 11CV2170 DMS(BGS), 2012 WL 559993, at *3 (S.D. Cal. Feb. 21,
 24 2012) (“[D]elay inherent in the reexamination process does not constitute undue
 25 prejudice. . . . Especially where Plaintiff does not practice the patented invention, and is
 26 not a competitor of Defendant”) (internal quotation marks and citation omitted).
 27 Moreover, the PTAB’s earlier invalidity findings on all asserted claims raise serious
 28 doubts that AIT’s claims would survive this Court’s review, further eliminating risk of

1 undue prejudice. *VirtualAgility*, 759 F.3d at 1314 (“In this case, the PTAB expressly
 2 determined that *all* of the claims are more likely than not unpatentable. This CBM review
 3 could dispose of the entire litigation: the ultimate simplification of issues.”) This factor
 4 thus still weighs heavily in favor of denying AIT’s motion.

5 AIT’s primary argument, that stays in patent cases are prejudicial because patents
 6 “have a limited life,” is inapplicable here because it seeks only monetary relief and will
 7 receive the same damages for the life of the patents, stay or no stay. ECF No. 130.
 8 Even presuming AIT’s patents are valid (contrary to the PTAB’s detailed findings), AIT
 9 would suffer no prejudice because damages would be available for any infringement
 10 during the life of the patents. See *ESCO Corp. v. Cashman Equip. Co.*, 158 F. Supp. 3d
 11 1051, 1071 (D. Nev. 2016) (noting that “even if the patent did expire in 2011, it is within
 12 the scope of the patent right to sue for past damages during the statutorily prescribed
 13 limitations period”). As before, AIT makes no effort to address the sufficiency of past
 14 damages in its motion, and fails to articulate any prejudice or tactical disadvantage from
 15 maintaining the stay while the PTAB resolves the RPI issue. ECF No. 130; See
 16 *Rembrandt Gaming Techs., LP v. Boyd Gaming Corp.*, No. 2:12-CV-00775-MMD, 2012
 17 WL 6021339, at *2 (D. Nev. Dec. 3, 2012) (noting “delay alone is insufficient to prevent a
 18 stay”).

19 AIT is also mistaken that maintaining the stay would create a potential “indefinite”
 20 and prejudicial delay. ECF No. 130. Requests for rehearing are typically resolved
 21 quickly. Of the five most recent decisions granting requests for rehearing, the average
 22 time from request to decision was 88.6 days, less than three months, with three of those
 23 cases taking the PTAB only 22, 36, and 23 days. See *Satco Products, Inc. v. Seoul*
 24 *Semiconductor Co., LTD.*, IPR2020-00151 Paper 9 (November 9, 2020) (158 days to
 25 decision); *Neenah, Inc. and Avery Products Corporation v. Jodi A. Schwendimann, f/k/a*
 26 *Jodi A. Dalvey, and Nucoat, Inc.*, IPR2020-00636 Paper 12 (November 6, 2020) (22 days
 27 to decision); *Energysource Minerals, LLC v. Terralithium LLC*, IPR2019-01601 Paper 20
 28 (November 6, 2020) (204 days to decision); *Google LLC v. Personalized Media*

1 *Communications, LLC*, IPR2020-00723 Paper 25 (November 5, 2020) (36 days to
2 decision); *Apple Inc. v. Corephotonics, LTD.*, IPR2020-00487 Paper 13 (November 5,
3 2020) (23 day to decision). Any further delay pending RPX's rehearing request is
4 therefore likely to be brief. This factor thus continues to weigh strongly in Salesforce's
5 favor.

6 **C. The Early Status of the Case Warrants Continuing the Stay**

7 The final two factors also weigh in favor of maintaining the stay, as the relevant
8 facts have not changed since the stay was granted. Discovery is not complete and has
9 not progressed since the Court stayed the case. The parties have agreed to a discovery
10 plan and schedule. ECF No. 42. Much of the critical discovery under this schedule
11 depends on the *Markman* order, which has not been briefed, let alone argued or issued.
12 Finally, the Court has not yet set a trial date. These factors, which AIT does not address,
13 also weigh in favor of maintaining the stay. See *Unwired Planet, LLC v. Google Inc.*, No.
14 3:12-CV-00504-MMD-VPC, 2014 WL 301002, at *6 (D. Nev. Jan. 27, 2014) (holding
15 these factors favor stay where fact discovery had just begun, the *Markman* hearing had
16 not occurred, and no trial date had been set); *Rembrandt Gaming*, 2012 WL 6021339, at
17 *4 (finding these factors weigh in favor of stay where no trial date had been set, no
18 *Markman* hearing had been scheduled, and discovery had begun).

19 //

20 //

21 //

22 //

23 //

24 //

25 //

26 //

27 //

28 //

1 **IV. CONCLUSION**

2 For the foregoing reasons, Salesforce respectfully requests that this Court deny
3 AIT's motion to lift the stay.

4 DATED: November 16, 2020.

5 Respectfully submitted,

6 MCDONALD CARANO LLP

7 /s/ Leigh Goddard

8 LEIGH GODDARD

9 Kevin Johnson (*pro hac vice*)

10 Ray Zado (*pro hac vice*)

11 Sam Stake (*pro hac vice*)

QUIN EMANUEL URQUHART & SULLIVAN, LLP

12 *Attorneys for Defendant salesforce.com, Inc.*

CERTIFICATE OF SERVICE

I hereby certify, under penalty of perjury, that I am an employee of McDonald Carano LLP and that pursuant to LR 5-3 I caused to be electronically filed on this date a true and correct copy of the DEFENDANT SALESFORCE.COM, INC.'S OPPOSITION TO AIT'S MOTION TO LIFT STAY with the Clerk of the Court using the CM/ECF system which will automatically e-serve the same on the attorneys set forth below:

Michael A. Burke
Robison, Sharp, Sullivan & Brust
71 Washington St.
Reno, NV 89503
mburke@rssblaw.com

Andrea Pacelli
Elizabeth Long
Eric Berger
KING AND WOOD MALLESONS LLP
500 Fifth Avenue, 50th Floor
New York, NY 10110
Andrea.pacelli@us.kwm.com
elizabeth.long@us.kwm.com
eric.berger@us.kwm.com

Steven C. Sereboff
SoCal IP Law Group LLP
1332 Anacapa Street, Suite 201
Santa Barbara, CA 93101
ssereboff@socalip.com

DATED: November 16, 2020.

/s/ Andrea Black

Andrea Black

4812-6684-3346, v. 1